CompassWind

A new direction in community energy™

10th Anniversary
Kansas Wind & Renewable Energy Conference '09

Presentation about

Community Wind Development

October 6, 2009

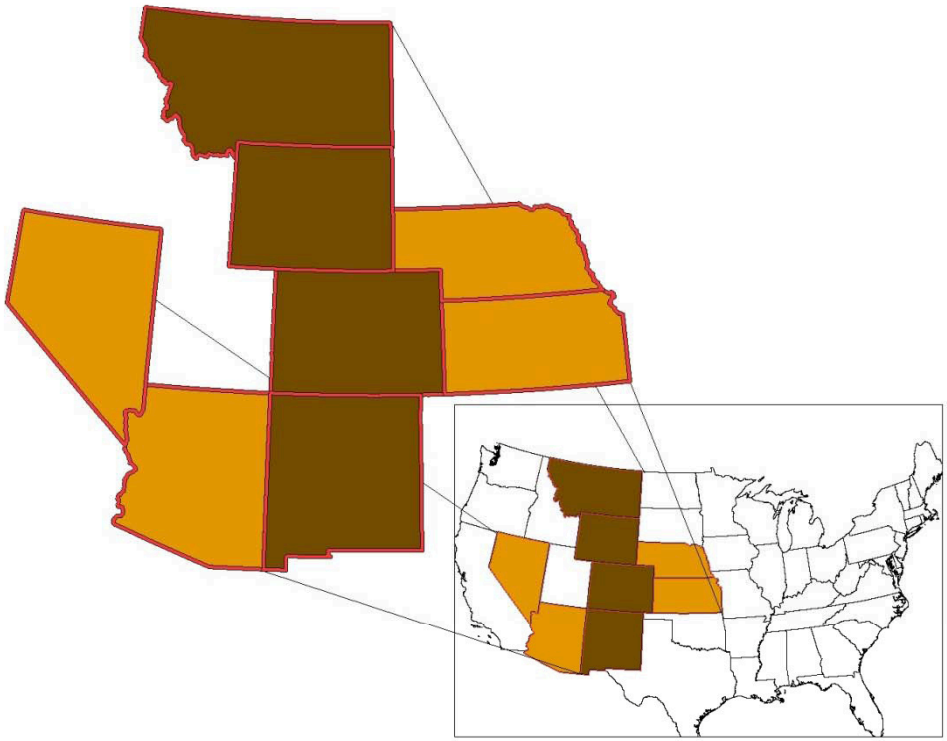
Company Background

Compass Wind is a community-based wind developer formed in the Fall of 2007 to build smaller utility-scale wind projects that are locally integrated into existing transmission and distribution infrastructure. We are based in Denver, Colorado.

- Principals have extensive experience in traditional generation and the wind sector
  - > Led multiple energy deals including the 2002 and 2004 renewables deal of the year financings
  - > Development, financing, construction and operation of wind power projects in various U.S. markets resulting in well over one GW of wind power built and /or financed
  - > 40+ years of combined experience in the wind sector

- Strategic partnership with EBF & Associates which became a major Compass shareholder in the Fall of 2007
  - > Senior Partner at EBF and President of Compass have worked together on multiple successful energy deals with a working relationship going back to the late 90's
  - > EBF's Harrington Fund was the lead investor in Midwest Renewable Energy, an Iowa-based wind development company that created a pipeline of 1,600 MW of wind energy projects and was sold to Iberdrola in 2006

Regional Development Activity



Sites to be developed and constructed to take advantage of Compass Wind's financial strength.

- Active project development pipeline in Montana, Wyoming, Colorado and New Mexico
- Targeted locations in the Great Plains/Midwest and Inter-Mountain West
- 2-4 sites identified for planned 2010 construction

Development Approach

Working with the local utility, landowners and the community at large, Compass Wind will build a series of community-based wind projects, as well as larger scale sites where appropriate.

- Community-based wind projects (10-50 MW)
- Early engagement of regional electric utilities, G&T system operators and other stakeholders
- In house meteorology analysis, on site field work and engineering review to identify potential project sites
- Community acceptance, environmental review and met tower installation advance each potential project
- Project sites are developed simultaneously, capturing economic efficiencies found in large utility-scale projects
- Local and regional banks are tapped for construction financing and local equity stakes are built through a combination of public finance options and tax equity structuring

Community Wind Challenges and Opportunities

Challenges are both similar and different than that of larger wind farms, that is, they are always evolving, but risks are always the same:

- Barriers Related to Transmission
  - > FERC reporting requirements and control over various states
  - > LGIA process vs. SGIA "Small GIA"
- CBED Definition
  - > Qualifying Projects (e.g. participants, level of ownership, size, etc.)
  - > Policy Incentives (e.g. Utility criteria, tariffs etc.)
- Permit Process and Approvals
  - > Inconsistent siting regulations between counties within the same states
  - > County Development Agreements
- Landowner Groups

Large Plan for Small Projects

Criteria for success in the short to medium timeframe:

- Combination of Compass's experience and strategic capital backing
  - > Capital for ongoing development study costs
  - > Employ internal resources
  - > Existing wind turbine equipment inventory
  - > Bridge costs to maintain infrastructure for phase build outs
- Relationships – Built from the ground up
  - > Able to work with both individual land owners and Land Wind Associations
  - > Smaller, focused portfolio of assets
  - > Focus on local utilities, G&Ts and IOUs
- Power Supply
  - > Compete with larger wind farms on pricing
  - > Flexible options – can supply a local municipality while also fulfilling all-requirements contracts with G&Ts or competitive bids for IOUs

National and State Policies

Suggest areas where Community Wind support can be focused:

- Resources for counties to produce practical development guidelines and permit approval
- Expedited NEPA review, NEPA review focused on smaller utility projects
- Tradable Production Tax Credit at state and national level
- New Market Tax Credit allocations for renewable energy projects
- Clean Renewable Energy Bond allocations for Cooperatives
- Consistent State and National Renewable Energy Standards
- Various state/local CBED Policies
- Regulatory Policies allowing for Bilateral Agreements
- FERC guidelines for reporting to burden smaller project appropriately
- Modifications to Distribution System Charges ("Wheeling Fees") based on energy

Ownership Opportunities

Ownership Should be based on risk allocation:

- Appropriate risk share – Considerable risk for early stage development. Compass Wind identifies and analyses each potential site and takes financial responsibility for all stages of development. Generally landowner/local participation is appropriate closer to commercial operation.
- Resident Definition – Investment should stem from any state resident or business, not simply those in the local vicinity of renewable energy project
- Other statewide funds to be established to take advantage of CBED policies in relation to local ownership
- Other local partner who can be Tax Credit investors
- Partner with local utilities to provide system and economic benefits: upgrade or construct new infrastructure that local utility will own

Benefits of Compass Projects

Wind projects that interconnect to the local utility and provide the same benefits most-often associated with larger wind projects, plus other significant benefits. In all, these benefits include:

- Seek power supply contracts that equal large-scale project resource
- Local property tax revenue (e.g. 204 MW NM Wind Energy Center = +/- $450k/year tax revenue and CO Peetz Table expansion = +/- $5k/year/WTG)
- Land lease payments
- Local construction and maintenance jobs
- More focused permitting requirements, given smaller project footprints
- Greater geographic resource diversity, effectively mitigating intermittency issues
- Benefits to multiple communities (as opposed to one) associated with dispersal of projects
- Greater access to tax-credit equity given smaller project sizes
- Local bank construction financing and potential local ownership
- Typically leads to influx of national retail franchise investments

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Contact Information

Chris McCall, Founder & President

Prior to founding Compass Wind, Chris was a Senior Vice President at Fortis Bank where he focused on energy financings. Chris was the lead banker on two award-winning wind-project financings that received "Renewables Deal of the Year" honors in 2002 and 2004.

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Ilan Caplan, Vice President

Ilan's experience covers over 12 years in the energy sector in various development, operating and finance roles. Ilan's work within the wind sector includes time with Clipper Windpower, GE Wind, and Enron Wind, resulting in 850+ installed MW of wind power.

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Brad Haight, General Counsel

Brad has practiced law in the renewables sector for 8 years. Before joining Compass, he represented landowners and developers in wind and solar projects in California, Colorado, Kansas, Nebraska, Texas, and Wyoming. Brad has been invited to present on landowner development issues at conferences in Colorado, Maine, Minnesota, Nebraska, and New Mexico.

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Dave James, Director

Dave's experience spans 10+ years in international banking and finance roles. During seven years at Fortis Bank, he executed energy and infrastructure financings within the Americas, including multiple lead-arranged wind-power transactions.

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Contact Information

Doug Wesley, Director
Doug has spent over twenty five years in a variety of roles within meteorology and atmospheric sciences. Most recently, Doug was a Senior Meteorologist at UCAR/COMET where he spent 13 years training and leading other scientists in operational meteorological techniques. Doug has advanced knowledge of meso-scale models and proficiency with their utility in weather forecasting through consulting positions over the past nine years.

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Tony Frank, Manager
Tony joined Compass after serving as Director of Renewable Energy Development for Rocky Mountain Farmers Union. Prior to working at Rocky Mountain Farmers Union, Tony worked with the Colorado Department of Agriculture.

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Rob Rahrs, Manager
Rob recently joined Compass after serving eight years in the Atmospheric Science Group at HDR Engineering using Meteorology and GIS technology. He has had involvement in numerous projects ranging from analysis of extreme flooding events, forensics, forecasting, and climate change prediction to GIS software development.

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